

**TOWN OF JAMESTOWN
TOWN COUNCIL WORKSESSION**

Monday, September 15, 2003

A work session of the Jamestown Town Council was called to order at the Jamestown Philomenian Library, 26 North Road at 6:32 PM by the Town Council President Kenneth G. Littman. The following members were present:

David Long, Vice-President
Julio DiGiando
Guy Settipane

Also present were:

Maryanne Crawford, CPA, Town Administrator
Christina D. Collins, Finance Director
Catherine L. Kaiser, Chairperson, Jamestown School Committee
Denise Jennings, Assistant Finance Director/Water and Sewer Clerk

Absent were:

Claire W. Ferguson, Councilor

WORK SESSION WITH PARMELEE, POIRIER AND ASSOCIATES
FISCAL YEAR 02/28/03 AUDIT REPORT

Ms. Crawford introduced Bernard Poirier and Paul Dansereau from the firm of Parmelee, Poirier and Associates.

Councilor DiGiando: When you look at this audit it appears as though the Town is in the black.

Bernard Poirier: Yes, these are critical pieces especially for bonding rating agencies. They are looking primarily at the general fund. This is the place where most of the expenditures get paid out. They also look at the special revenue, which pretty much represents the school and a combination of some of the Towns funds. If you look on the bottom of Page 2 where you have the unreserved fund balance of \$2,332,125, this is an important number to the bonding rating agencies. They like to see this number in the black. They have a rule of thumb that they go by and they are looking primarily for anywhere from between 6-15% of the total revenues, which is on page 4 and is \$14,228,132. This is what they call healthy. This is an important ratio and the Town of Jamestown falls at the higher end. Your comments are correct. This is a very favorable financial report.

Paul Dansereau: You do not have any pension issues to deal with. This is another big issue that they look at, such as a huge liability with a pension or any other type of liability that you would be responsible for. The Council President asked for clarification regarding the different types of pensions within the Town. Short discussion followed.

Mr. Dansereau referred to Page 27 (middle schedule) of the Financial Statements. Mr. Dansereau: This section shows the Towns net pension obligation. It also shows the Towns financial situation regarding future liabilities on your pension. Mr. Poirier: That number being negative is actually a

positive thing. It means that if you don't have any pension obligation and that in fact the assets that you accumulated in the pension fund have gone up to the point, that it is over funded. Council President Littman: Is the over funding a problem? Mr. Poirier: Every year when the actuaries come in and they do the pension reports, they base the Towns contribution on many factors. Primarily the pension agreements call for set amounts to be put in for every dollar of payroll. So what this is saying is, those set amounts being put in from every dollar of payroll have accumulated to the point and created in excess. The actuarial evaluation is a lot different from the contribution that the Town is required to make. So basically what this report says, is the Town made contributions and are not behind on their contributions but those contributions have produced assets that are in excess of what is needed to fund the obligation in the long run. Short discussion followed. Mr. Poirier stated that many cities and town have serious problems with their pensions, but Jamestown is not one of them.

Councilor Settupane asked for clarification regarding the procedure of the audit and the manner to which it was approached, practices followed as well as the numbers provided. Mr. Poirier and Mr. Dansereau briefly described the steps taken during the audit process. Councilor Settupane stated that he had some concerns regarding the water and sewer funds and that he had spoken to the Town Administrator regarding these concerns. Councilor Settupane asked for clarification regarding money paid back to the general account from the water and sewer funds for services provided by the Public Works Department. Mr. Dansereau referred to Page 65 of the financial statements, specifically the portion entitled "Cash Flows from Non-Capital Financing Activities-Interfund transfers" and stated that these numbers are payments made or received from bearing funds. Discussion ensued regarding this issue.

Commission President Littman asked for clarification regarding the three comments in the management letter. Mr. Dansereau: Item #1 was a payroll issue. There should be one document that shows the collection of data on an employee. We suggest that you have this document in each employees personnel file. Mr. Poirier: This document should include items such as rank in status, rates changes, dates and signatures of approval. Commission President Littman: The Town is currently in the process of making this change. Mr. Dansereau agreed. Mr. Dansereau: Item #2- The Town must establish a higher capitalization threshold. For example, if you have an expense item in the amount of \$600. you should be charging this item to an expense line item and not to a capital line item. Mr. Poirier and Mr. Dansereau briefly explained their reasoning for this comment in the management letter. Short discussion followed.

Discussion continued regarding money due to the general account from the water and sewer funds for services provided by the Public Works Department. Councilor Settupane asked Mr. Poirier what he recommended as far as implementation of a policy regarding this issue. Mr. Poirier stated that the Town could use their best guess or have a study done and he further stated that the Town needs to define the purpose as to why the information is needed. Mr. Poirier suggested that the Town Administrator contact other cities and town to see how this issue is addressed in their communities.

Norma Willis of 1191 North Main Road and Saverio Rebecchi of 13 Sail Street expressed their concerns regarding this issue. Council President Littman stated that this issue will be investigated and will be discussed further with the Town Administrator.

Ms. Crawford stated that she agreed with Mr. Poirier and that the best way to address this issue is with a study. Ms. Crawford recommended that a study be done by an outside auditing firm and stated that she would budget for this item in next years budget.

Council Consensus: To continue discussion at the next Town Council meeting on 09/22/03.

ADJOURNMENT

There being no further business before the Town Council, the work session concluded at 7:21 PM.

Attest:

Denise Jennings
Assistant Finance Director/Water and Sewer Clerk

xc: Council Members (5)
Town Administrator
Town Solicitor
Town Clerk